

# **EXHIBIT 2**

**HELIS OIL & GAS COMPANY, L.L.C.**  
**201 ST. CHARLES AVENUE, SUITE 2600**  
**NEW ORLEANS, LOUISIANA 70170**

**Telephone: (504) 523-1831**

**Facsimile: (504) 522-6486**

December 23, 2020

Mr. Curri Loupe  
Fieldwood Energy LLC  
2014 W. Pinhook Rd. Ste. 800  
Lafayette, LA 70508

**CONTRACT COMPLIANCE REVIEW –**  
**Fieldwood Energy LLC – Operator**  
**South Marsh Island 268 A Platform**  
**Host Facility for South Marsh Island 257-1**  
**PHA Effective January 1, 2008**  
**Review Period: 2017-2019**

Dear Mr. Loupe:

Enclosed is a copy of the subject interim report that was prepared by 4A Energy Advisors LLC on behalf of Helis Oil & Gas Company, LLC. We request that you review the exceptions therein and furnish us with your response to them within the time frame recommended by COPAS. We further request that all adjustments resulting from your review be referenced in a way to facilitate identification.

The review remains incomplete due to the current COVID-19 situation. At such time that normal business routines return, we will contact you to determine a mutually agreeable time for us conclude the review.

The consultants wish to express appreciation for the assistance and courtesies extended by you and your Company during the performance of the review to date.

Sincerely,  
Helis Oil & Gas Company, LLC

*Dan McKnight*

Dan McKnight

cc: **Jeff Wright**  
**4A Energy Advisors LLC**  
**P.O. Box 822711**  
**N. Richland Hills, TX 76182**



4A ENERGY ADVISORS LLC  
P.O. Box 822711  
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Ph: 214.924.9195

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**GENERAL**

We initiated a review of the accounts and records of Fieldwood Energy LLC pertaining to the administration and accounting for the subject agreement. Brian Eukel with Pumpjack Online and Jeff Wright with 4A Energy Advisors LLC conducted the review in the Operator's Lafayette, Louisiana office. The review is currently incomplete due to the current COVID-19 situation. Helis Oil & Gas Company LLC will advise us at such time that the review may be completed.

**OBJECTIVES AND SCOPE**

Our objectives were to:

1. Determine the propriety of the accounting and allocation methodology related to the subject PHA.
2. Ascertain that those are in accordance with the applicable contract provisions.

Our scope included all months for the review period.

**CONCLUSIONS**

In our opinion, the accounting and allocation methodology appeared to be correct and in accordance with the applicable contractual agreements except for the items listed on the Summary of Claims and detailed on the attached Exceptions. These exceptions, totaling \$2,048,850 (34,568 Bbls), plus amounts to be determined, have been or will be presented to Fieldwood Energy, LLC. (with accompanying supporting documentation) and are herein presented as claims to the Joint Account.

Please reply within the timeframe referenced in Article 18, Paragraph 4 of the Production Handling Agreement. Thank you for your assistance during the review.

*Jeff Wright*

cc: Mr. Dan McKnight  
Helis Oil & Gas Company, LLC  
201 St. Charles Ave. Ste. 2600  
New Orleans, LA 70170



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## SUMMARY OF CLAIMS

Fieldwood Energy LLC – Operator  
South Marsh Island 268 A Platform  
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<u>Number</u>	<u>Exception Description</u>	<u>Barrels</u>	<u>Amount</u>
1	Oil Meter Temperature Correction Factor	TBD	TBD
2	TOW Sum of Daily Production Data	Incl'd in Ex 5	Incl'd in Ex 5
3	Oil BS&W Measurement	Incl'd in Ex 5	Incl'd in Ex 5
4	Oil Shrinkage Factor Measurement	Incl'd in Ex 5	Incl'd in Ex 5
5	Platform Reallocation	34,568	\$2,048,850



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Date: December 23, 2020

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Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account
1.					<b><u>Oil Meter Temperature Correction Factor</u></b>	<b>TBD</b>

The daily Platform Production Report sheets includes a calculation of the net volume of crude measured by the Helis dedicated separator meter. Daily gross production measured by the meter is multiplied by a meter factor, temperature correction factor and BS&W factor to yield the net production volume.

The Platform Production Report references the meter factor set to 1.000 for all days in the review period. This is appropriate as the meter is adjusted internally whenever the turbine is replaced so that no external meter factor is required.

The BS&W factor reflects the BS&W content of the crude being produced. The factor applied is 1.000 minus the BS&W factor. The BS&W factor varies over time. The value range is 0.0%-1.0% on the Platform Production Report during the review period. This value is updated whenever a lab analysis of the crude is performed.

The temperature correction factor is present and used in the spreadsheet calculating oil volumes in all the Platform Production Reports in the review period. The value of this spreadsheet cell varies over time, ranging 0.97-0.98 for all the daily reports in the review period.



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### 1.(Continued)

In response to Information Request 3 “Oil Meter Temperature Correction Factor” also known as Correction for Temperature Factor or CTL, the Operator advised that

“During the preparation for this audit, it was discovered that the operators were actually using the data from the LACT unit to determine the CTL (instead of the Helis dedicated separator) and applying it to all. “

- CLoupe response to Information Request 3

Helis is due an undermined number of barrels. The Operator is requested to make the adjustments discovered and noted in response to Information Request 3 and provide the correction calculation to Helis for review.

Documentation supporting this exception was provided to the Operator during the course of or after the conclusion of the review.



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2.						

### TOW Sum of Daily Production Data

\$960,433.00  
 15,700 Bbls.

TOW information in the Operator's Platform Production Reports summarizes the daily oil production, gas production, fuel and flare for transmittal to TOW. This information is used to perform the monthly production allocation. It computes the monthly sum of certain variables. The variables are retrieved from individual day sheets and summed. A copy of this table is shown below. Monthly totals are at the top of the column.

### TOW REPORT INPUT

CURRENT TIME IS: 12/14/2020 19:56

PROD DATE	GAS SALES SMI268	Gas Sales SMI 280H	OIL	WATER	FUEL
<b>MTD</b>	<b>193643</b>	<b>3092</b>	<b>34769.2</b>	<b>118994.8</b>	<b>10353</b>
31-Jan	6015	0	441.2	3490.5	432
30-Jan	6015	0	441.2	3490.5	432
29-Jan	6595	102	861.9	3995.6	395
28-Jan	6953	102	1067.0	4056.0	416
27-Jan	5307	0	522.8	3677.3	332
26-Jan	5554	0	555.2	4053.4	334
25-Jan	5554	0	555.2	4053.4	334

Given months have differing number of days, the formulas in the table must be aligned with the correct number of days in a month for the table values to be correct.



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### 2. (Continued)

The formulas underlying the table for the month of February are shown below.

#### TOW REPORT INPUT

CURRENT TIME IS:			
PROD DATE	GAS SALES SMI268	Gas Sales SMI 280H	OIL
Non-existent dates point to "Unused" sheet			
<b>MTD</b>	=SUM(C7:C37)	=SUM(D7:D37)	=SUM(E7:E37)
=B8+1	=Unused31!\$W\$7	=Unused31!\$C\$69	=Unused31!\$Z\$7
=B9+1	=Unused31!\$W\$7	=Unused31!\$C\$69	=Unused31!\$Z\$7
=B10+1	=Unused29!\$W\$7	=Unused29!\$C\$69	=Unused29!\$Z\$7
=B11+1	='1'!\$W\$7	='1'!\$C\$69	='1'!\$Z\$7
=B12+1	='28'!\$W\$7	='28'!\$C\$69	='28'!\$Z\$7
=B13+1	='27'!\$W\$7	='27'!\$C\$69	='27'!\$Z\$7
=B14+1	='26'!\$W\$7	='26'!\$C\$69	='26'!\$Z\$7
=B15+1	='25'!\$W\$7	='25'!\$C\$69	='25'!\$Z\$7
=B16+1	='24'!\$W\$7	='24'!\$C\$69	='24'!\$Z\$7

February has 28 days but, in this example, the table still contains 31 rows. The additional rows contain “pointers” to unused sheets. These unused sheets reference production volumes of 0 but carry MTD volumes forward.

The platform report captures one calendar month of production data. There are two different dates in the report; a “Site Date” and a Production Date.” The site date is one day later than the production date. The site date is the calendar date when data is entered. This difference reflects the fact that the closing measurements required to calculate production are not available to be read until a full day’s production is complete.



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### 2. (Continued)

For example, on the actual 15th day of the month, the Operator takes measurements and enters them into the Platform Report on the sheet named "15". The data collected by the Operator reflects the production of the 14th. The sheet named "15" displays the site date as the 15th of the month and the production data as the 14th of the month.

The one-day difference between the site date and the production date is simple enough to navigate in the middle of the month. However, at the beginning or end of the month it becomes complicated. At the beginning of the month, the production data for that 1st day of the month becomes available on the site (calendar) day of the 2nd of the month. On that day, the Operator collects the production data for the 1st day of the month and enters it on the sheet named "2." This corresponds to the site (calendar) date at that time. On subsequent days of the month, the Operator repeats the process, entering the data on the sheet corresponding to the site (calendar) day.

The production data for the last day of the month only becomes available on the first day of the following month. On that day, the Operator collects the production data for the last day of the month and enters it on the sheet named "1". This sheet is positioned to the right of the rest of the data collection sheets as a visual indicator that it represents the site date of the first day of the following month.



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### 2. (Continued)

The production data collection sheets for a 30-day month are set up in sequence in the workbook as shown below. Sheet names in the middle of the sequence have been removed from the diagram as indicated ({}).



#### Systematic Errors in Sheet Names

The formulas in the TOW sheet were examined for all 36 months of the review period. It appears the formulas were set up once for 28, 30, and 31 day months, then copied to the individual months as required. This resulted in the pattern of TOW data pointers being identical for all months with the same number of days. Additionally, if errors occurred during the setup process, those errors are consistent for all months with the same number of days.

#### ***30 Day Months***

The example below shows September 2017 missing sheet '1' which contains the production for day 30 of the previous month. As a result, the input to TOW is the sum of 29 production days instead of 30 production days. All other months with 30 days have the same error.



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Exception	JIB Reference	Amount (Charge) or Credit Due Joint Account	
No.	Date	Document Number	Description of Exception

### 2. (Continued)

PROD DATE	GAS SALES SMI268	Gas Sales SMI 280H	OIL
<b>MTD</b>	=SUM(C7:C37)	=SUM(D7:D37)	=SUM(E7:E37)
=B8+1	=Unused31!\$W\$7	=Unused31!\$C\$69	=Unused31!\$Z\$7
=B9+1	=Unused31!\$W\$7	=Unused31!\$C\$69	=Unused31!\$Z\$7
=B10+1	='30'!\$W\$7	='30'!\$C\$69	='30'!\$Z\$7
=B11+1			
=B12+1			
=B13+1			
=B14+1			
=B35+1	=1!\$W\$7	=1!\$C\$69	=1!\$Z\$7
=B36+1	='4'!\$W\$7	='4'!\$C\$69	='4'!\$Z\$7
=B37+1	='3'!\$W\$7	='3'!\$C\$69	='3'!\$Z\$7
=2!\$B\$2	=2!\$W\$7	=2!\$C\$69	=2!\$Z\$7

The graph below compares three different measures of the monthly volume of oil produced by the platform. The first is an independent summation of the production for all wells on the platform taken from the daily sheets. The second is the monthly total calculated by the TOW sheet. The third is the volume purchased by Whitecap.



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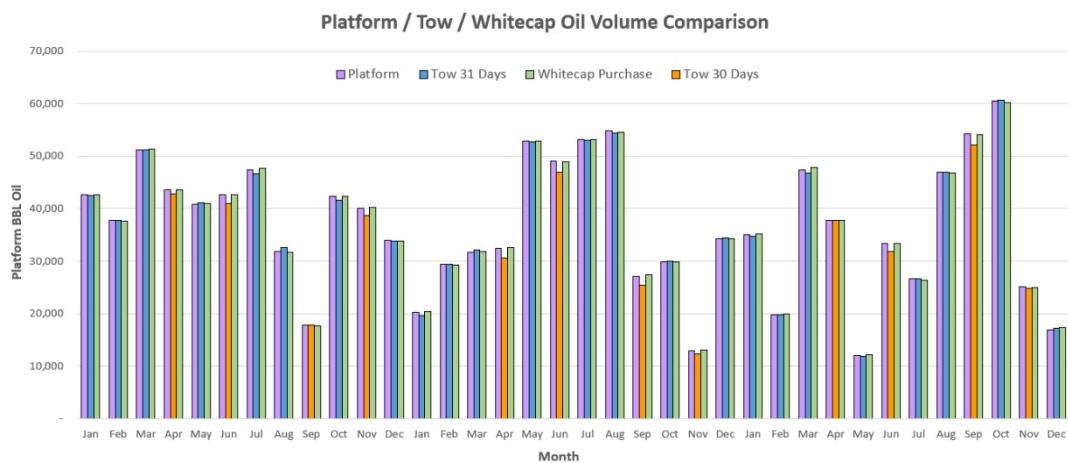
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Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 2. (Continued)



While there are some variations, months with 30 days show significantly smaller volumes for the total platform production on the TOW sheet compared with the other two measurements. This can be seen in the graph above, where the TOW sheet 30 day months have been highlighted in orange.

Total TOW volume for 30 day months is 3.3 % less than the total Platform volume. A difference of 3.3% is what would be expected if production volumes from every 30th day were excluded. Individual months differences are in the range of 0.0% to -6.7%.



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Exception	JIB Reference	Amount (Charge) or Credit Due Joint Account	
No.	Date	Document Number	Description of Exception

### 2. (Continued)

#### *31 Day Months*

There is a different pattern of errors for months with 31 days. In that case, the entry for sheet '31' (containing data on production day 30) is missing, and sheet '1', containing data for production day 31, is included twice. Since production volumes are rarely the same from day to day, substituting one day for another results in a difference in production that fluctuates randomly.

PROD DATE	GAS SALES SMI268	Gas Sales SMI 280H	OIL
<b>MTD</b>	=SUM(C7:C37)	=SUM(D7:D37)	=SUM(E7:E37)
=B8+1	=`1`\$W\$7	=`1`\$C\$69	=`1`\$Z\$7
=B9+1	=`1`\$W\$7	=`1`\$C\$69	=`1`\$Z\$7
=B10+1	=`30`\$W\$7	=`30`\$C\$69	=`30`\$Z\$7
=B11+1	=`29`\$W\$7		
=B12+1	=`28`\$W\$7		
=B13+1	=`27`\$W\$7		
<b>B34+1</b>	=`6`\$W\$7	=`6`\$C\$69	=`6`\$Z\$7
=B35+1	=`5`\$W\$7	=`5`\$C\$69	=`5`\$Z\$7
=B36+1	=`4`\$W\$7	=`4`\$C\$69	=`4`\$Z\$7
=B37+1	=`3`\$W\$7	=`3`\$C\$69	=`3`\$Z\$7
=`2`\$B\$2	=`2`\$W\$7	=`2`\$C\$69	=`2`\$Z\$7

*Sheet '1' with production from the 31st is included twice.  
 Sheet '31' with production from the 30th is missing.*

TOW volumes for 31 day months averages 0.2 % less than the Platform volume. Individual months differences are in the range of -3.4% to 2.7%.



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### 2. (Continued)

#### *28 Day Months*

TOW volumes for the February 2017, February 2018 and February 2019 were identical to the Platform volume, indicating the table was correctly setup.

#### Pipeline (Gain)/Loss

Pipeline loss can be calculated by comparing the production volume referenced in the 'Platform' amounts to the volume received by Whitecap. Across the three year period of the review, the pipeline had a gain of 0.072% (941 Bbls.) which is within normal limits.

Individual months varied from a loss of 2.4% to a gain of 1.4%. In most months, the loss or gain was largely cancelled out by inventory swing in the subsequent month.

#### Other Production Data

The TOW sheet had identical errors for the Month to Date (MTD) calculations for "Gas Sales SMI 268", "Gas Sales SMI 280H", Water, Fuel and Flare. The setup for Gas Lift appears to be correct in all months.



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### 2. (Continued)

Helis is due a credit of 15,700 Bbls. or \$960,433 based on a comparison of TOW volumes to Platform volumes. The platform volumes independently reproduce the sums the TOW sheet intended perform. These amounts consider holding all other factors constant. This amount is included and culminates in the Exception 5 total.

Documentation supporting this exception was provided to the Operator during the course of or after the conclusion of the review.



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3.	<b><u>Oil BS&amp;W Measurement</u></b>					<b>\$2,618,713</b> <b>41,378 Bbl.</b>

During the 36 months review period, the Operator collected 17 spot oil samples. One additional sample from 2016 was included in the review to support the allocation of the first days of January 2017. The shortest interval between samples was 15 days and the longest interval was 233 days (over seven months). The graph below shows the actual time between samples and the mandated time between samples. Section 6.08 of the Production Handling Agreement states the Processor shall perform or cause to be performed well tests, meter provings (allocation and sales) and samplings (at or after the Re-delivery point) on a monthly basis.



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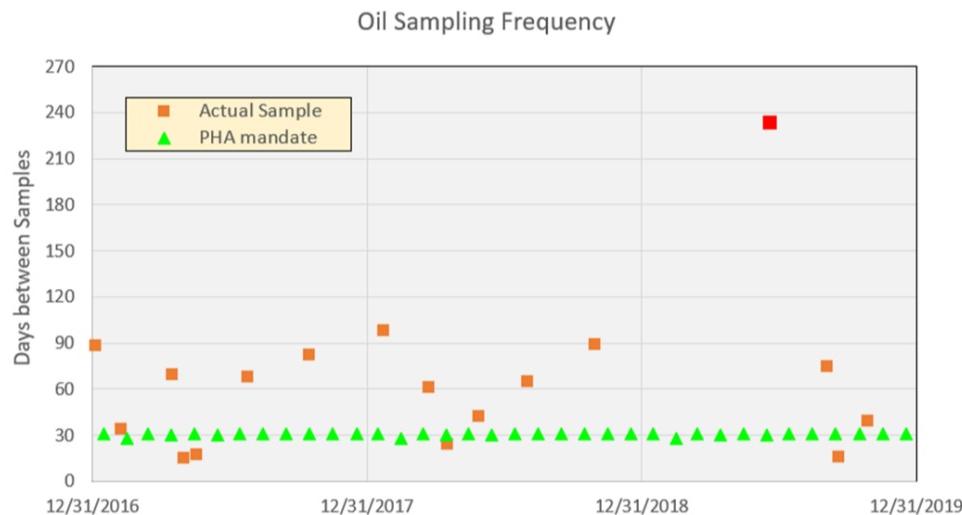
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Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 3. (Continued)



Each sample consisted of two high pressure cylinders. Samples were sent to Intertek where the contents of one cylinder was used to analyze the BS&W and the contents of the other cylinder was used to measure the shrinkage factor. BS&W is referred to as S&W in Intertek lab reports.

The review found that the measurement of BS&W was problematic in the samples taken on 03/24/18 and on 04/17/18.



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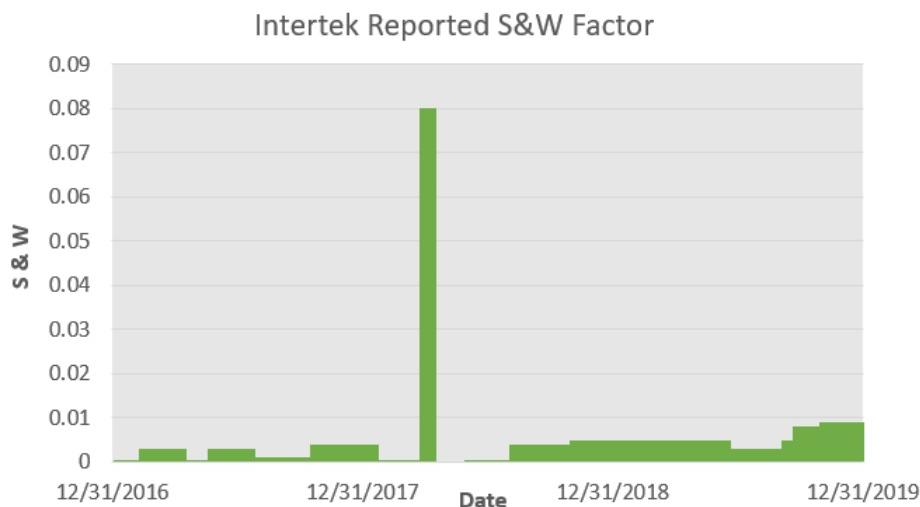
Exception	JIB Reference		Amount
No.	Date	Document Number	(Charge) or Credit Due Joint Account
			Description of Exception

### 3. (Continued)

**Sample taken on 03/24/18**

The lab report for this sample references a BS&W value as 8.0%. All the other BS&W measurements during the review period are in the range of 0.05%-0.9% with an average value of 0.30%.

In the graph below, this value is too dissimilar from the other BS&W values to be considered correct. The review assumes this value is an error and does not use it to compute production. The BS&W value of 0.5% from the previous sample on 01/22/18 is carried forward instead.





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### 3. (Continued)

#### Sample taken on 04/17/18

The lab report for this sample does not reference a BS&W factor. It references #VALUE! as the result of the analysis. The report includes a copy of only one cylinder tag indicating only one cylinder was received. Presumably the second cylinder was misplaced at some point. Without a second sample, no BS&W measurement was possible.

Since there was no new determination of BS&W for 04/17/18, the review calculation assumes whatever value was being used for BS&W before that date would remain in effect even though there is a new shrink factor as of the date. This results in the BS&W factor of 0.5% from the sample on 01/22/18 being carried forward.

#### BS&W Values in Production Reports do not tie to Lab Reports

In addition to the exceptions in the lab reports, multiple exceptions occurred in transcribing the lab values into the platform report.

In practice the Operator transcribed the lab values to the platform report starting with the day the results were received from the lab. This was incorrect. If the properties of the oil are known as of a particular date, those properties should be used as of that date and not beginning one or two months later.



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### 3. (Continued)

When transcribing the BS&W values from the lab report to the platform report, there was confusion as to where the decimal point should go. For example, the lab report for 10/08/16, which is effective on 01/01/17, references a BS&W value of 0.05%. This is transcribed in the platform report as 0.5%.

In other cases, the BS&W value was set at an arbitrary amount and carried forward for long periods. During the 13 months during the period 10/11/17-11/12/18, the BS&W value in the platform report was fixed at 10.0% except for a four day period when it was set at 4.0%. Three weeks later, it was set to 40.0% and stayed at that level for over a month. The graph below compares the BS&W value used in the platform report with the BS&W found by during the review.



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Operator: Fieldwood Energy LLC

## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

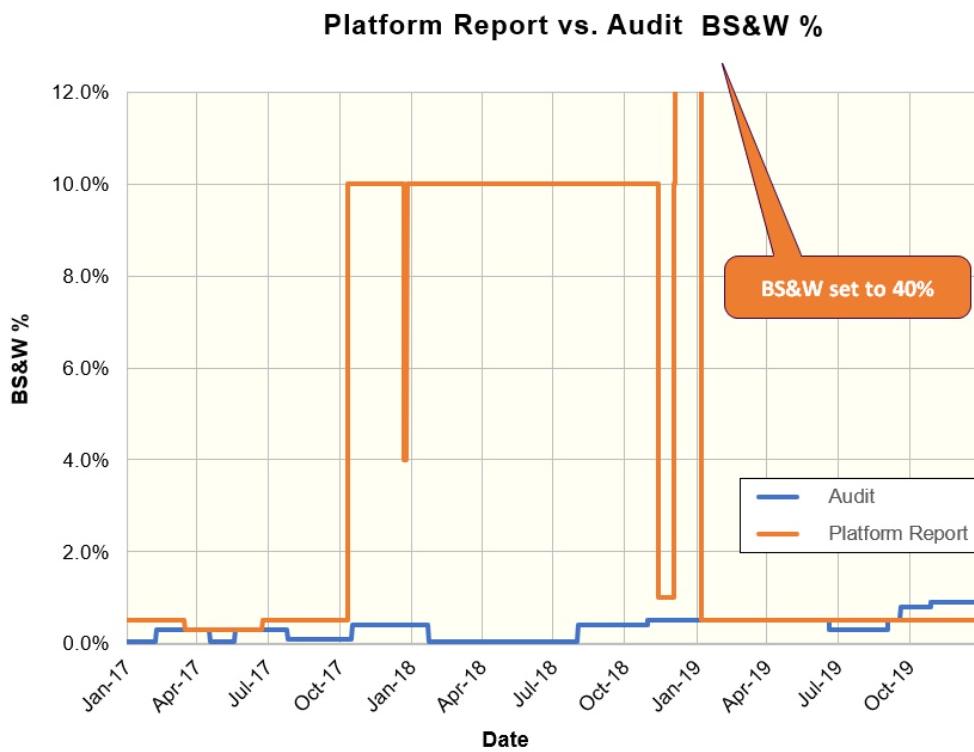
Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 3. (Continued)





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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 3. (Continued)

Helis is due a credit of \$2,618,713 (41,378 Bbls.) based on applying the BS&W factors discovered during the review and assuming all other factors remain constant. These values are before the platform allocation. This amount is included and culminates in the Exception 5 total.

Documentation supporting this exception was provided to the Operator during the course of or after the conclusion of the review.



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account
4.					<b><u>Oil Shrinkage Factor Measurement</u></b>	<b>\$2,236,915.00</b> <b>34,568 Bbls.</b>

During the review period (36 months), the Operator took 17 spot oil samples. One additional sample from 2016 was included in the review to support the allocation of the first days of January 2017 for a total of 18 measurements of the shrinkage factors.

A lab report consists of four pages:

1. A photocopy of the cylinder tags.
2. The “Shrinkage Factor Worksheet” which includes hand-written notes on the analysis.
3. The “Shrink Calculation Worksheet” which details the calculation performed.
4. The “Report of Analysis” which summarizes the key results.

All the handwritten figures relating to the calculation of the shrinkage factor are carried over to “Shrink Calculation Worksheet.” Most of the handwritten amounts also appear on the “Report of Analysis”. The transcription of handwritten data creates an opportunity for errors but reporting the data on the two other forms also allows for figures to be cross-checked.

The review found exceptions in the measurement of the shrink factor in two of the 18 sample measurements. The exceptions were those taken 05/29/18 and 10/30/18.



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

In both cases the error was due to the handwritten entries being incorrectly transferred to the computer system.

#### **Sample taken on May 29, 2018**

The handwritten value for the “Recovered Volume mL” on the “Shrinkage Factor Worksheet” for this sample is 144.0. The “Recovered Volume (cc)” on the “Shrink Calculation Worksheet” is 141.0.

The shrinkage factor for this sample is reported as 0.95215 based on a recovered volume of 141 cc. The transcription error from 144.0 to 141.0 reduces the recovered volume ~2%.

Using the original handwritten measurement of 144.0 cc, the recovered volume after the volume correction factor is applied becomes 143.27 cc at standard conditions. This produces a shrinkage factor of 0.97243 which matches the expected 2% difference.

The change in shrinkage factor also results in a change in the estimate of CF/Bbls. of dissolved gas. The revised value of 48.548 is arrived at by fitting a polynomial curve to the other 16 samples. The equation  $y = 4882.9x^2 - 11275x + 6395$  fits the available data quite well, with an  $R^2 = 0.9997.C$



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

Shrinkage Factor Worksheet					
Physical Shrinkage (API 20.1, 1.7.4.4 Modified) LWI/L/002/HOUma	Initials	Date	Start Time	Stop Time	
Received Temperature in Deg F	CN	6-11-18	9:00	9:30	
Recovered Volume in mL	141.0				
Initial Temp in Deg F	70.6°				
	74.0°				

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SHRINK CALCULATION WORKSHEET

ANALYSIS NUMBER: 2018-HOMA-000071-001.001  
 ANALYSIS DATE: 11 Jun 2018

Location: MBD-V50      Sample Date: 29 May 2018

Specific Gravity @ 60° F: 0.8453      Recovered Volume (cc): 141.00

Volume incorrectly transcribed



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

#### Sample taken on October 30, 2018

The handwritten value for "Initial Temp in Deg F" on the "Shrinkage Factor Worksheet" for this sample is 95.0. The corresponding "Field Temperature" on the "Shrink Calculation Worksheet" is 39.0. On all other lab reports "Initial Temp in Deg F" was identical to "Field Temperature."



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

Shrinkage Factor Worksheet					
Physical Shrinkage (API 20.1, 1.7.4.4 Modified) LW/L/002/HOUma	Initials	Date	Start Time	Stop Time	
65.8	CN	1-7-2019	8:00	8:30	
Received Temperature in Deg F	65.8				
Recovered Volume in mL	130				
Initial Temp in Deg F	95.0				

SHRINK CALCULATION WORKSHEET

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ANALYSIS NUMBER: 2018-HOMA-000010-016.001  
 ANALYSIS DATE: 07 Jan 2019  
 Location: V-50 HELIS SPOT OIL      Sample Date: 30 Oct 2018

Observed Gravity: 35.4      Field Temperature: 39.0

Revising the temperature from 39° to 95° requires that the volume correction factors CTS and CPLi be recalculated. This was done using linear interpolation with the other samples. The revised CPS was calculated as  $=1 + \Delta T_i / 37727$  which predicts the other values with an  $R^2 = 0.9999$ . The revised CPLi was calculated as  $= 1 - 0.000478 * \Delta T_i$ , which predicts the other values with an  $R^2 = 0.9998$ .

The original and revised calculations for shrinkage are shown in this table:



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

Sample Date	Analysis Date	Rcvd Temp	Rec Vol	CTLr	Cor Vol	Field / Init Temp	Δ Ti	Vi	CTS	CPS	CTLi	CPLi	Cor Vol	Shrink	Cu Ft / Bbl
10/30/2018	1/7/2019	65.8	130.00	0.99724	129.64	39.0	-21.0	148.15	0.99944	1.00066	1.00995	1.00094	149.78	0.86554	293.608
10/30/2018	Audit	65.8	130.00	0.99724	129.64	95.0	35.0	148.15	1.00093	1.00066	0.98327	1.00094	146.04	0.88770	234.497

As with the sample from 05/29/18, changing the shrinkage factor results in a change in the CF/Bbls. of dissolved gas. The method of calculating the new value was the same as was used on the 05/29/18 sample.



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 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

Agreement: PHA Effective January 1, 2008

Review Period: 2017-2019

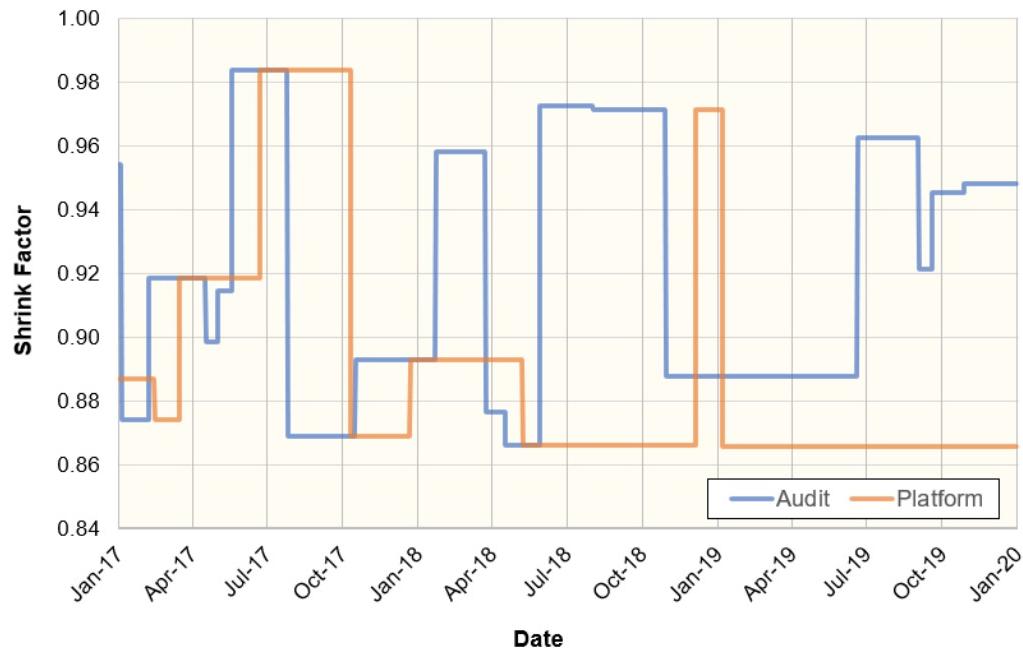
Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

#### 4. (Continued)

#### Shrink Factors in Production Report do not tie to Lab Reports

**Platform vs. Audit Shrink Factor**





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 Host Facility for South Marsh Island 257-1

Date: December 23, 2020

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Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

As with the BS&W values, multiple exceptions occurred in transcribing the lab shrink values into the platform report. Exceptions include entering the date when the report is received, not when the sample was taken, and failing to enter the lab report values entirely.

One example of date skew is the sample taken on 05/19/17 with a shrink value of 0.98353. The shrink value was not entered into the platform report until 06/22/17.

During the review period there are 18 different shrink factor values reported by the lab. During the same period, the platform report uses only 11 different values. Of those 11 values, five are transcribed from the lab report correctly, four are rounded off in the fifth decimal place. No lab report could be found that corresponded to the remaining two shrink values.

Almost all of 2019 was allocated using the same shrink value. The value of 0.96544 was entered in the platform report on 01/07/19. On 09/02/2019 this value was rounded off to 0.9654 and then carried through the end of the year. No corresponding lab report was found for either value.

Helis is due a credit of \$2,236,915 (34,568 Bbls.) based on applying the shrink factors discovered during the review and assuming all other factors remain constant. These values are before the platform allocation. This amount is included and culminates in the Exception 5 total.



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Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 4. (Continued)

Documentation supporting this exception was provided to the Operator during the course of or after the conclusion of the review.



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## EXCEPTION

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Date: December 23, 2020

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Review Period: 2017-2019

Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account
5.	<b><u>Platform Reallocation</u></b>					<b>\$2,048,850.00</b> <b>34,568 Bbls.</b>

Exception 3 and Exception 4 document changes to lab values and utilize those lab values in calculating the theoretical (estimated) daily production for the South Marsh Island 257-1 well. Implementing these changes results in an increase in theoretical production of 76,846 barrels of oil for the South Marsh Island 257-1 well for the review period.

The allocation of the Whitecap purchases to the individual wells must be recalculated to account for this increase in theoretical production. This is accomplished by reversing the previous allocation, revising the theoretical production for the South Marsh Island #1 well (and other wells) and performing a reallocation utilizing the revised values as follows for each month:

1. Determine the South Marsh Island 257-1 theoretical production originally used for allocation purposed by summing the production data referenced in Exception 2. Beginning with the unadjusted production total of South Marsh Island 257-1, adjust the value based on the number of days in the month.
  - a) 28 days – no change
  - b) 30 days – subtract production day 30 for the theoretical total
  - c) 31 days – subtract production day 30 and add in a second copy of the production day 31 to the total



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Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 5. (Continued)

2. Recalculate the theoretical production of the other wells, subtracting the South Marsh Island 257-1 theoretical amount as referenced in Step 1 for the total production reported on the TOW report.
3. Determine the revised theoretical production for South Marsh Island 257-1 by incorporating the corrections referenced in Exception 3 and Exception 4 into the calculation of production.
4. Add the revised theoretical amount for South Marsh Island 257-1 to the revised theoretical amounts for the other wells to determine a new theoretical platform production amount.
5. Calculate the South Marsh Island 257-1 production and production from the other wells as a percentage of the new theoretical production.
6. Allocate the Whitecap-reported purchase volumes based upon the allocation percentages determine in Step 5.

Based on the methodology described above, Helis is due an additional 34,568 barrels of oil with a value of \$2,048,850 based on the monthly oil purchase price. The results by month are shown in the graph on the following page.

Documentation supporting this exception was provided to the Operator during the course of or after the conclusion of the review.



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## EXCEPTION

Property: South Marsh Island 268 A Platform  
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Consultants: Brian Eukel, Jeff Wright

Exception	JIB Reference	No.	Date	Document Number	Description of Exception	Amount (Charge) or Credit Due Joint Account

### 5. (Continued)

